



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

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NEWS RELEASE

FOR RELEASE _____ November 28, 2016

Contact: Andy Nielsen
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Auditor of State Mary Mosiman today released a combined report on the institutions under the control of the Iowa Department of Corrections. The report includes findings and recommendations and average cost per inmate information for the five years ended June 30, 2015.

The average cost per inmate at the nine institutions under the control of the Iowa Department of Corrections ranged from \$21,194 at the North Central Correctional Facility – Rockwell City to \$60,820 at the Iowa State Penitentiary – Fort Madison for the year ended June 30, 2015. General Fund expenditures for the nine institutions totaled approximately \$280 million for the year ended June 30, 2015, an increase of approximately \$3.7 million, or 1.3%, from the year ended June 30, 2014. General Fund expenditures increased 7% during the five year period ended June 30, 2015. The average daily cost per inmate of \$93.46 for the year ended June 30, 2015 was 15.1% more than the average daily cost per inmate of \$81.17 for the year ended June 30, 2011. The average number of inmates decreased 7% over the five year period, from 8,816 for the year ended June 30, 2011 to 8,195 for the year ended June 30, 2015.

A copy of the report is available for review in the Office of Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/1664-0000-0R00>.

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**COMBINED REPORT ON THE INSTITUTIONS UNDER THE
CONTROL OF THE IOWA DEPARTMENT OF CORRECTIONS
SCHEDULES
FINDINGS AND RECOMMENDATIONS
JUNE 30, 2015**

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November 14, 2016

To the Members of the Iowa Board of Corrections:

The Institutions under the control of the Iowa Department of Corrections are part of the State of Iowa and, as such, have been included in our audits of the State's Comprehensive Annual Financial Report (CAFR) and the State's Single Audit Report for the year ended June 30, 2015.

In conducting our audits, we became aware of certain aspects concerning the various Institutions' operations for which we believe corrective action is necessary. As a result, we have developed recommendations which are reported on the following pages. We believe you should be aware of these recommendations, which include recommendations pertaining to internal control and compliance with statutory requirements and other matters. These recommendations have been discussed with applicable Institution personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the Institutions' responses, we did not audit the Institutions' responses and, accordingly, we express no opinion on them.

We have also included certain unaudited financial and other information for the Institutions under the control of the Iowa Department of Corrections for the five years ended June 30, 2015 to report an average cost per inmate at each Institution as required by Chapter 11.28 of the Code of Iowa.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Iowa Department of Corrections, the Institutions under the control of the Iowa Department of Corrections, citizens of the State of Iowa and other parties to whom the Iowa Department of Corrections may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Institutions during the course of our audits. Should you have questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience. Individuals who participated in our audits of the Institutions are listed on pages 28, 30, 31, 33, 36, 37, 38, 39 and 40 and they are available to discuss these matters with you.

Mary Mosiman
MARY MOSIMAN, CPA
Auditor of State

cc: Honorable Terry E. Branstad, Governor
David Roederer, Director, Department of Management
Glen P. Dickinson, Director, Legislative Services Agency

Iowa Department of Corrections

Overview

Background

In accordance with Chapter 904 of the Code of Iowa, the Iowa Department of Corrections (IDOC) is responsible for the control, treatment and rehabilitation of offenders committed under law to the following nine Institutions:

Iowa State Penitentiary – Fort Madison – Institutions for men consisting of the Penitentiary proper, a maximum security facility, and the John E. Bennett unit, a minimum security dormitory. A primary objective of these facilities is to provide rehabilitative services that assist offenders to make a successful transition from prison to their communities.

Anamosa State Penitentiary – Institutions for men consisting of the Penitentiary proper, a maximum/medium security facility, and Luster Heights, a minimum security dormitory. A primary objective of these facilities is to provide rehabilitative services that assist offenders to make a successful transition from prison to their communities.

Iowa Medical and Classification Center – Oakdale – A forensic psychiatric hospital for persons displaying evidence of mental illness or psychosocial disorders and requiring diagnostic services or treatment in a secure setting, secure housing units that serve as the reception center for all incoming male offenders and secure housing units for offenders with mental health and/or medical treatment needs.

Mount Pleasant Correctional Facility – A medium security facility for men that has treatment programs for sex offenders and substance abusers. A primary objective of this facility is to offer programs that reduce risk and assist offenders to make a successful transition from prison to their communities.

Clarinda Correctional Facility – A male facility composed of two sites, a medium security facility which provides rehabilitative services for offenders with intellectual disabilities, mental illness or a chemical dependency, and the Lodge which prepares offenders for discharge, work release or parole.

North Central Correctional Facility – Rockwell City – A minimum security facility for men. The facility prepares offenders for discharge, work release or parole and provides many offenders with actual opportunities to practice functioning within society through work programs.

Iowa Correctional Institution for Women – Mitchellville – A medium/minimum security facility for female offenders. The facility serves as the reception center for all female offender custody classifications committed to IDOC, provides gender responsive rehabilitative services and prepares offenders for discharge, work release or parole.

Newton Correctional Facility – A male facility composed of two sites, a medium security site which provides rehabilitative services and a separate minimum security site, CRC, which prepares offenders for discharge, work release or parole.

Fort Dodge Correctional Facility – A medium security facility designed to house adult male offenders. The facility provides rehabilitative services which assist offenders to make a successful transition from prison to their communities.

Iowa Department of Corrections

Overview

Scope and Methodology

We have calculated an average cost per inmate at each Institution for the five years ended June 30, 2015 based on their General Fund expenditures. Certain reclassifications and changes have been made to these expenditures to provide comparable averages between Institutions. Therefore, expenditure amounts and cost per inmate averages may differ from those used for statewide financial statement purposes. These reclassifications and changes are as follows:

- (1) Operating transfers, primarily reimbursements to other state agencies for services, have been reclassified as expenditures for purposes of this report.
- (2) At the inception of a capital lease, total principal payments are recorded as expenditures and as other financing sources for statewide financial statement purposes. For purposes of this report, only the current year principal and interest payments are included as expenditures.
- (3) Canteen operations have been excluded from General Fund expenditures since the canteen is a self-supporting operation at each Institution.
- (4) Non-cash assistance, consisting of USDA commodities, has been excluded from General Fund expenditures.

Summary Observation

The average cost per inmate ranged from \$21,194 at the North Central Correctional Facility – Rockwell City to \$60,820 at the Iowa State Penitentiary – Fort Madison for the year ended June 30, 2015. The average cost per inmate has generally increased over the past two years, with the average cost per inmate for the year ended June 30, 2015 increasing from the prior year for five of the nine Institutions.

Over the last five fiscal years, total General Fund expenditures increased 7%, from \$261,198,833 for the year ended June 30, 2011 to \$279,558,961 for the year ended June 30, 2015, the average number of inmates decreased 7%, from 8,816 to 8,195, and the average daily cost per inmate increased 15.1%, from \$81.17 to \$93.46.

Iowa Department of Corrections

Schedules

Institutions Under the Control of the Iowa Department of Corrections

Average Cost Per Inmate by Institution
(Unaudited)

For the Last Five Fiscal Years

	Year ended June 30, 2011			
	Average Number of Inmates	Average Number of Employees	Average Cost per Inmate	Average Daily Cost per Inmate
Iowa State Penitentiary - Fort Madison	971	457	\$ 45,073	123.49
Anamosa State Penitentiary	1,213	316	27,224	74.59
Iowa Medical and Classification Center - Oakdale	978	539	49,615	135.93
Mount Pleasant Correctional Facility	1,040	269	25,610	70.16
Clarinda Correctional Facility	1,067	253	23,294	63.82
North Central Correctional Facility - Rockwell City	499	101	19,901	54.52
Iowa Correctional Institution for Women - Mitchellville	565	178	29,366	80.46
Newton Correctional Facility	1,227	285	23,046	63.14
Fort Dodge Correctional Facility	1,256	289	23,565	64.56
Total	8,816	2,687	\$ 29,628	81.17

Year ended June 30, 2012				Year ended June 30, 2013			
Average Number of Inmates	Average Number of Employees	Average Cost per Inmate	Average Daily Cost per Inmate	Average Number of Inmates	Average Number of Employees	Average Cost per Inmate	Average Daily Cost per Inmate
961	428	\$ 44,275	120.97	922	425	\$ 47,246	129.44
1,203	312	27,060	73.93	1,075	310	31,319	85.80
970	527	52,438	143.27	954	531	55,847	153.00
996	266	26,911	73.53	922	261	29,334	80.37
1,005	259	26,327	71.93	876	262	30,319	83.07
480	98	20,879	57.05	488	97	21,167	57.99
540	174	30,814	84.19	551	169	31,597	86.57
1,204	266	22,469	61.39	1,214	262	23,154	63.44
1,214	288	24,422	66.73	1,212	290	25,082	68.72
8,573	2,618	\$ 30,630	83.69	8,214	2,607	\$ 32,915	90.18

Institutions Under the Control of the Iowa Department of Corrections

Average Cost Per Inmate by Institution
(Unaudited)

For the Last Five Fiscal Years

	Year ended June 30, 2014			
	Average Number of Inmates	Average Number of Employees	Average Cost per Inmate	Average Daily Cost per Inmate
Iowa State Penitentiary - Fort Madison	773	419	\$ 57,869	158.55
Anamosa State Penitentiary	1,058	311	32,562	89.21
Iowa Medical and Classification Center - Oakdale	972	544	54,854	150.28
Mount Pleasant Correctional Facility	865	247	29,414	80.59
Clarinda Correctional Facility	805	260	33,278	91.17
North Central Correctional Facility - Rockwell City	494	95	21,294	58.34
Iowa Correctional Institution for Women - Mitchellville	581	217	37,251	102.06
Newton Correctional Facility	1,302	258	21,972	60.20
Fort Dodge Correctional Facility	1,310	289	23,159	63.45
Total	8,160	2,640	\$ 33,804	92.61

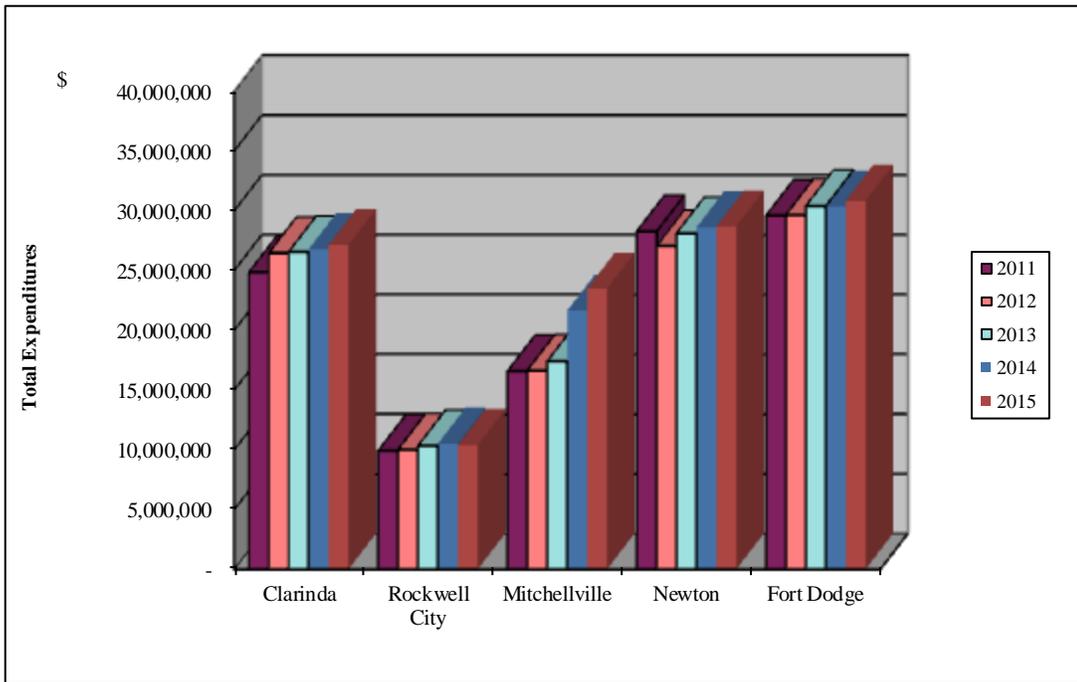
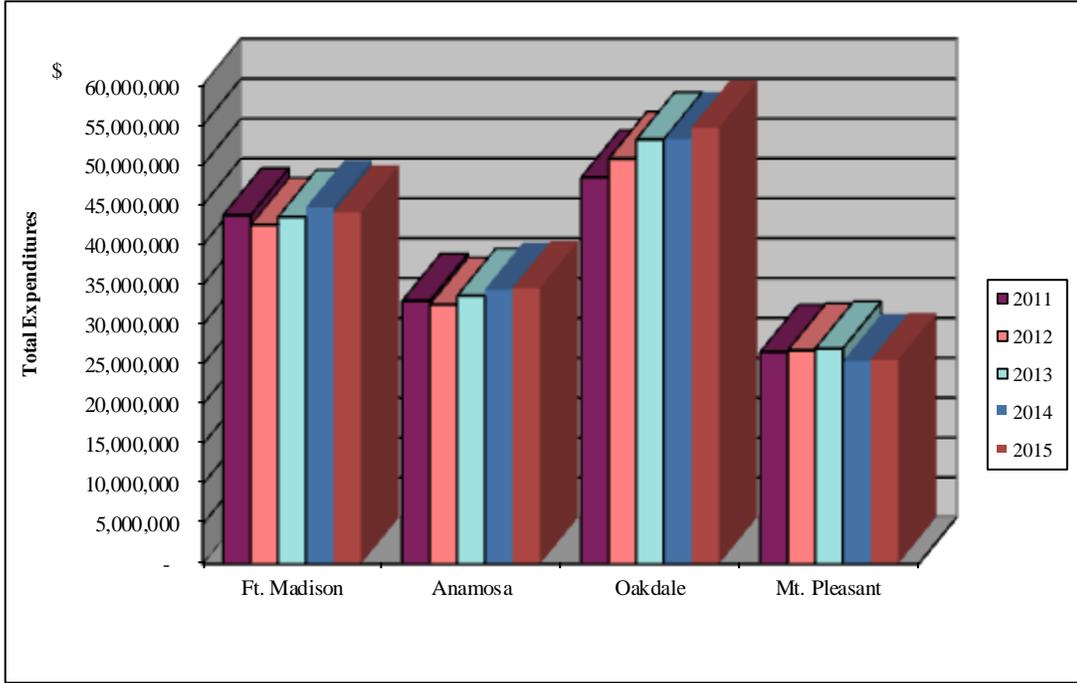
Year ended June 30, 2015				
Average Number of Inmates	Average Number of Employees	Average Cost per Inmate	Average Daily Cost per Inmate	
725	409	\$ 60,820	166.63	
1,080	310	32,071	87.87	
939	551	58,300	159.73	
863	241	29,662	81.27	
873	255	31,078	85.15	
490	93	21,194	58.07	
647	225	36,277	99.39	
1,293	257	22,183	60.78	
1,285	286	23,981	65.70	
8,195	2,627	\$ 34,113	93.46	

Iowa Department of Corrections

Institutions Under the Control of the Iowa Department of Corrections

Average Cost Per Inmate by Institution
Total Expenditures
(Unaudited)

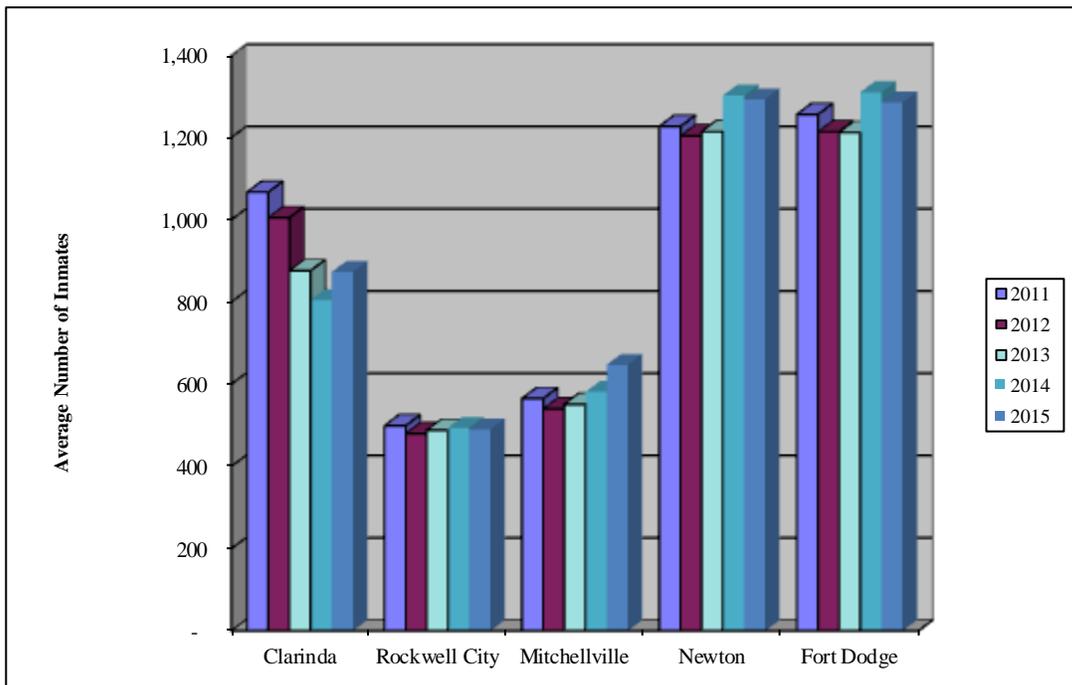
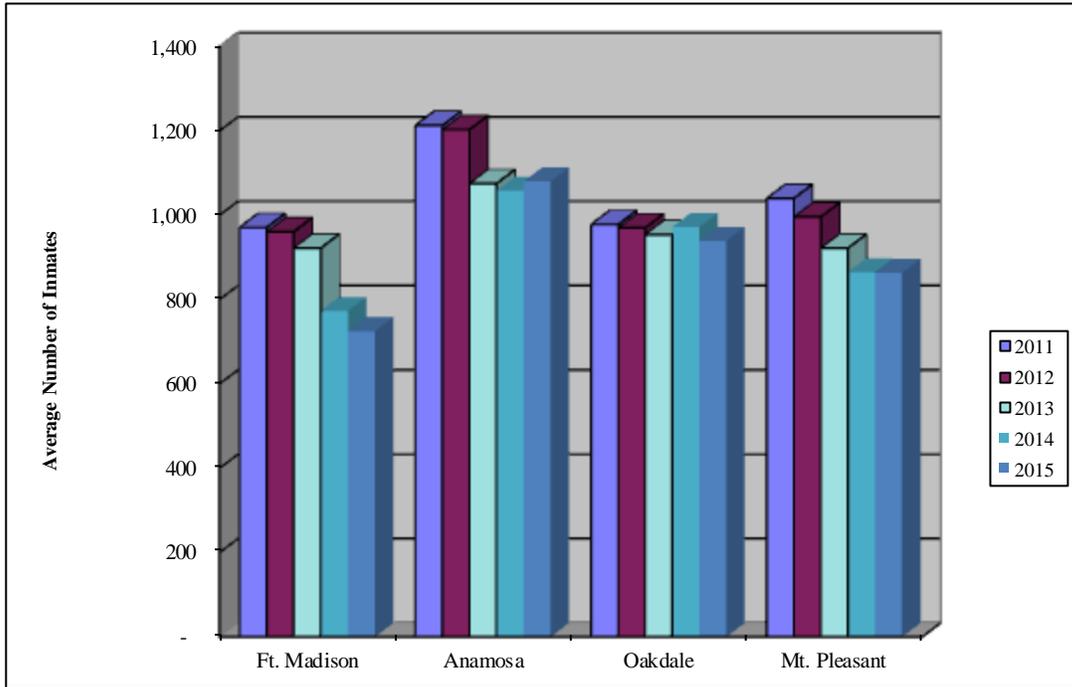
For the Last Five Fiscal Years



Institutions Under the Control of the Iowa Department of Corrections

Average Cost Per Inmate by Institution
Average Number of Inmates
(Unaudited)

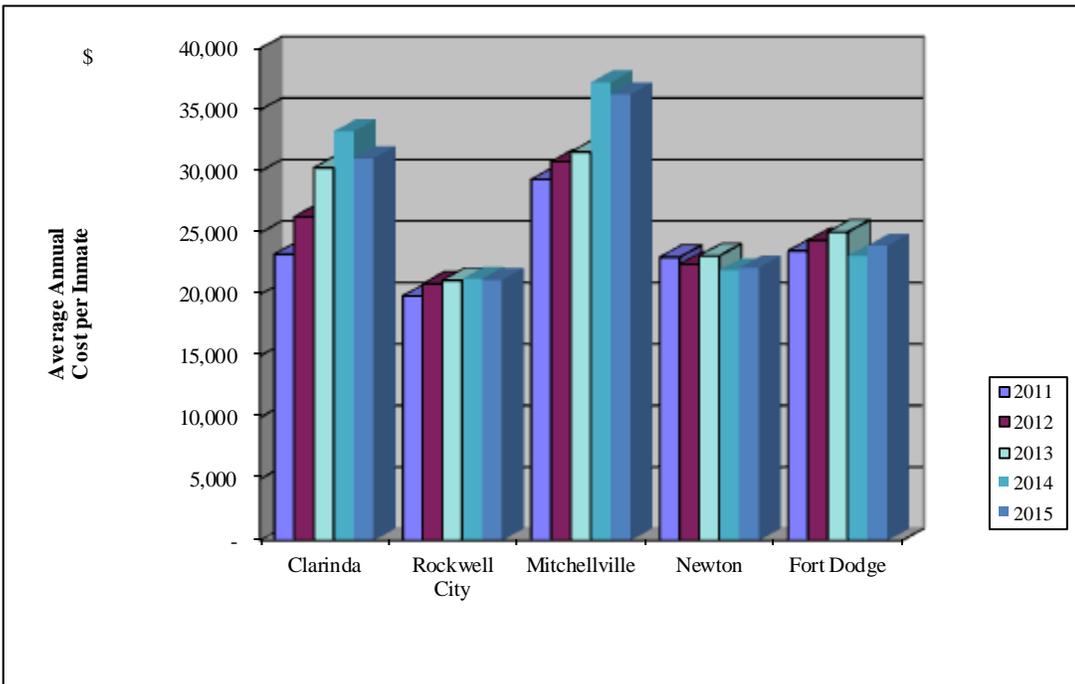
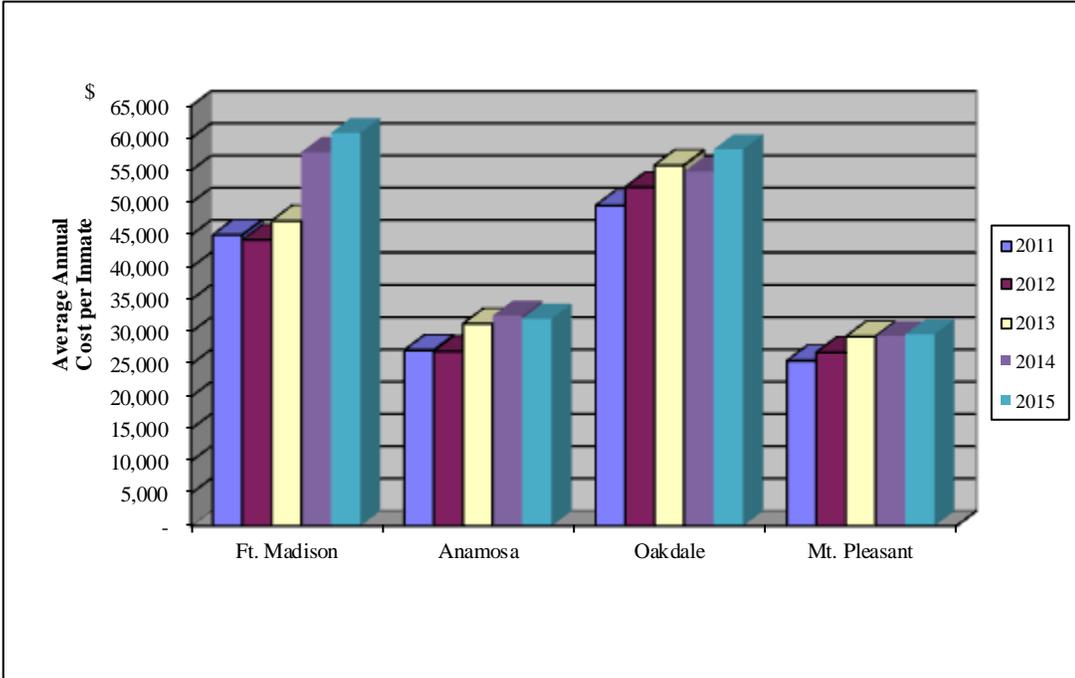
For the Last Five Fiscal Years



Institutions Under the Control of the Iowa Department of Corrections

Average Cost Per Inmate by Institution
Average Annual Cost per Inmate
(Unaudited)

For the Last Five Fiscal Years



Institutions Under the Control of the Iowa Department of Corrections

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2011

	Iowa State Penitentiary - Fort Madison	Anamosa State Penitentiary	Iowa Medical and Classification Center - Oakdale	Mount Pleasant Correctional Facility
Personal services	\$ 36,367,850	26,037,809	41,450,881	21,843,732
Travel	99,601	114,514	208,652	90,475
Supplies and materials	3,503,468	3,833,781	2,941,582	2,456,132
Contractual services	3,345,773	2,451,614	3,161,850	1,673,006
Capital outlay	67,467	78,474	460,146	210,658
Claims and miscellaneous	379,931	503,672	300,649	360,084
Licenses, permits and refunds	1,460	2,965	-	-
Total	<u>\$ 43,765,550</u>	<u>33,022,829</u>	<u>48,523,760</u>	<u>26,634,087</u>

Iowa					
Clarinda Correctional Facility	North Central Correctional Facility - Rockwell City	Correctional Institution for Women - Mitchellville	Newton Correctional Facility	Fort Dodge Correctional Facility	Total
19,781,363	7,784,085	13,185,994	22,267,977	23,247,122	211,966,813
94,480	90,762	66,466	126,967	91,585	983,502
2,607,626	979,675	1,927,640	3,360,887	3,631,488	25,242,279
1,759,778	837,602	1,180,280	2,197,042	2,085,419	18,692,364
108,191	58,714	45,879	25,818	62,349	1,117,696
501,230	179,814	185,738	298,365	476,438	3,185,921
1,842	-	-	330	3,661	10,258
24,854,510	9,930,652	16,591,997	28,277,386	29,598,062	261,198,833

Institutions Under the Control of the Iowa Department of Corrections

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2012

	Iowa State Penitentiary - Fort Madison	Anamosa State Penitentiary	Iowa Medical and Classification Center - Oakdale	Mount Pleasant Correctional Facility
Personal services	\$ 35,331,518	25,968,489	40,977,569	21,988,852
Travel	188,263	80,374	173,615	55,810
Supplies and materials	2,711,424	3,612,634	4,428,437	2,339,977
Contractual services	3,465,723	2,166,283	4,210,198	1,864,729
Capital outlay	366,824	236,112	777,684	240,564
Claims and miscellaneous	483,519	485,975	297,565	313,641
Licenses, permits and refunds	1,256	3,312	-	-
Total	\$ 42,548,527	32,553,179	50,865,068	26,803,573

Iowa					
Clarinda Correctional Facility	North Central Correctional Facility - Rockwell City	Correctional Institution for Women - Mitchellville	Newton Correctional Facility	Fort Dodge Correctional Facility	Total
20,160,175	7,916,133	13,355,272	21,316,839	22,967,900	209,982,747
271,754	54,426	75,996	161,860	127,846	1,189,944
3,221,940	1,024,461	1,785,831	3,150,239	3,225,140	25,500,083
1,961,476	786,335	1,187,400	1,966,096	1,894,045	19,502,285
352,223	60,230	39,011	163,956	869,606	3,106,210
489,457	180,230	196,061	292,892	558,851	3,298,191
1,827	-	-	279	4,865	11,539
26,458,852	10,021,815	16,639,571	27,052,161	29,648,253	262,590,999

Institutions Under the Control of the Iowa Department of Corrections

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2013

	Iowa State Penitentiary - Fort Madison	Anamosa State Penitentiary	Iowa Medical and Classification Center - Oakdale	Mount Pleasant Correctional Facility
Personal services	\$ 35,792,323	26,516,448	43,274,867	22,353,935
Travel	178,170	124,410	115,266	256,878
Supplies and materials	3,278,539	3,835,984	4,079,049	2,304,640
Contractual services	3,482,169	2,265,872	3,754,412	1,595,196
Capital outlay	444,677	318,272	1,639,528	214,785
Claims and miscellaneous	381,624	603,206	414,549	320,541
Licenses, permits and refunds	3,343	3,401	-	-
Total	\$ 43,560,845	33,667,593	53,277,671	27,045,975

Iowa					
Clarinda Correctional Facility	North Central Correctional Facility - Rockwell City	Correctional Institution for Women - Mitchellville	Newton Correctional Facility	Fort Dodge Correctional Facility	Total
20,517,372	8,113,466	13,765,653	21,971,440	23,569,129	215,874,633
113,655	86,896	73,572	41,507	101,578	1,091,932
2,971,680	1,026,714	1,743,409	3,269,773	3,456,637	25,966,425
2,049,421	839,644	1,389,107	2,093,942	1,991,868	19,461,631
444,056	54,514	229,026	419,800	664,902	4,429,560
460,319	208,069	209,374	312,909	613,479	3,524,070
2,777	-	-	180	1,785	11,486
26,559,280	10,329,303	17,410,141	28,109,551	30,399,378	270,359,737

Institutions Under the Control of the Iowa Department of Corrections

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2014

	Iowa State Penitentiary - Fort Madison	Anamosa State Penitentiary	Iowa Medical and Classification Center - Oakdale	Mount Pleasant Correctional Facility
Personal services	\$ 35,424,796	27,059,052	44,717,974	21,213,939
Travel	181,483	137,242	260,342	106,278
Supplies and materials	3,099,877	3,837,874	3,591,137	1,994,207
Contractual services	4,484,317	2,527,035	3,335,677	1,546,432
Capital outlay	1,205,054	374,691	1,088,365	280,445
Claims and miscellaneous	332,809	513,219	324,343	301,625
Licenses, permits and refunds	4,532	1,944	-	380
Total	<u>\$ 44,732,868</u>	<u>34,451,057</u>	<u>53,317,838</u>	<u>25,443,306</u>

Iowa					
Clarinda Correctional Facility	North Central Correctional Facility - Rockwell City	Correctional Institution for Women - Mitchellville	Newton Correctional Facility	Fort Dodge Correctional Facility	Total
20,971,758	8,155,219	16,458,427	22,003,381	23,702,080	219,706,626
103,152	76,780	132,100	119,456	95,586	1,212,419
2,770,671	1,067,963	2,224,670	3,600,523	3,654,251	25,841,173
2,232,207	986,452	2,073,501	2,292,512	1,873,297	21,351,430
230,027	19,326	515,455	263,302	355,527	4,332,192
478,302	213,504	238,396	327,718	655,492	3,385,408
2,513	39	-	215	2,317	11,940
26,788,630	10,519,283	21,642,549	28,607,107	30,338,550	275,841,188

Institutions Under the Control of the Iowa Department of Corrections

General Fund Expenditures by Institution
(Unaudited)

Year ended June 30, 2015

	Iowa State Penitentiary - Fort Madison	Anamosa State Penitentiary	Iowa Medical and Classification Center - Oakdale	Mount Pleasant Correctional Facility
Personal services	\$ 35,223,357	27,282,838	45,877,990	21,336,138
Travel	138,910	106,753	226,552	92,369
Supplies and materials	2,971,692	3,787,763	4,267,448	2,170,129
Contractual services	4,820,727	2,470,870	3,467,190	1,445,626
Capital outlay	607,962	421,022	537,209	254,614
Claims and miscellaneous	327,913	565,369	367,249	298,492
Licenses, permits and refunds	3,840	2,337	-	518
Total	<u>\$ 44,094,401</u>	<u>34,636,952</u>	<u>54,743,638</u>	<u>25,597,886</u>

Iowa					
Clarinda Correctional Facility	North Central Correctional Facility - Rockwell City	Correctional Institution for Women - Mitchellville	Newton Correctional Facility	Fort Dodge Correctional Facility	Total
21,110,359	8,168,354	18,710,772	22,116,354	23,873,540	223,699,702
101,221	55,019	84,615	133,187	73,068	1,011,694
3,114,220	960,362	2,535,111	3,868,336	4,175,797	27,850,858
2,049,261	947,263	1,671,298	2,117,720	1,835,643	20,825,598
227,272	40,270	181,206	129,744	187,518	2,586,817
525,806	214,033	287,946	316,981	667,438	3,571,227
3,333	-	-	50	2,987	13,065
27,131,472	10,385,301	23,470,948	28,682,372	30,815,991	279,558,961

Institutions Under the Control of the Iowa Department of Corrections

Inmate Population Statistics
(Unaudited)

Year ended June 30, 2015

	Iowa State Penitentiary - Fort Madison	Anamosa State Penitentiary	Iowa Medical and Classification Center - Oakdale	Mount Pleasant Correctional Facility
Population beginning of year	746	1,119	948	863
Increases:				
Admissions and transfers in	785	736	5,129	824
Decreases:				
Acquitted/Dismissed	-	-	-	1
Deaths	5	1	9	101
Discharged - Expiration of sentence	40	81	171	-
Paroled to Detainer - INS	-	2	42	4
Paroled to Detainer - Iowa	2	-	2	3
Paroled to Detainer - Out of state	-	1	-	10
Paroled to Detainer - U.S. Marshall	3	4	1	3
Paroled with immediate discharge	5	10	7	8
Parole granted	88	97	28	168
Probation - Reconsideration of sentence	4	7	9	12
Released on bond	1	-	7	-
Released to OWI continuum	6	1	49	1
Released to special sentence	3	5	21	116
Returned to sending jurisdiction	-	2	46	1
Revoked	-	-	20	-
Revoked from parole - Work release granted	-	73	8	-
Terminated by appeal - Conviction overturned	2	-	-	-
Terminated by court	1	-	-	1
Work release granted	104	-	7	115
Work unit - Hospital	1	-	36	3
Work unit - Field to Field	-	-	1	-
Work unit - Prison to corrections compact	6	1	-	-
Work unit - Prison to/from field	-	-	10	1
Work unit - Prison to prison	496	503	4,598	251
Work unit - Prison from residential	-	1	5	-
Work unit - Prison to stayed under appeal	-	-	7	-
Work Unit - Transfer to/from county jail	-	-	7	-
Total released	767	789	5,091	799
Population end of year	764	1,066	986	888
Average number of inmates	725	1,080	939	863

Iowa				
Clarinda Correctional Facility	North Central Correctional Facility - Rockwell City	Iowa Correctional Institution for Women - Mitchellville	Newton Correctional Facility	Fort Dodge Correctional Facility
863	504	625	1,358	1,271
938	678	1,602	2,277	1,361
1	-	-	-	-
-	-	1	-	-
97	37	67	274	186
-	1	-	2	2
3	1	3	3	8
18	2	16	14	20
4	1	1	13	12
17	11	31	15	10
213	288	319	253	244
15	8	15	13	21
-	-	1	-	-
2	11	13	41	1
12	-	5	15	21
-	-	3	14	1
-	-	35	225	-
-	-	20	72	-
1	-	-	5	4
-	-	-	-	1
146	208	227	257	197
-	-	2	4	2
21	-	16	-	-
-	-	-	2	1
1	-	1	3	1
367	108	752	902	599
1	-	1	3	1
1	3	-	-	-
-	-	6	164	-
920	679	1,535	2,294	1,332
881	503	692	1,341	1,300
873	490	647	1,293	1,285

June 30, 2015

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Reported in the State's Report on Internal Control:

No matters were noted.

Other Finding Related to Internal Control:

Payroll – Departments process and record payroll and personnel information on the Human Resource Information System (HRIS). The Human Resource Associates utilize an online P-1 document to initiate and approve payroll actions, such as adding new employees and recording pay raises. One individual has the ability to initiate and approve P-1 documents.

Recommendation – The Institution should develop and implement procedures to segregate the duties of the Human Resource Associates from the duties of payroll.

Response – The Institution will review current policies and discuss with management implementing new segregation of duties.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

Donna F. Kruger, CPA, Manager
Melissa A. Hastert, CPA, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Premnaragan Gobin, Staff Auditor
Sidot K. Shipley, Staff Auditor
Kristin R. Finke, Assistant Auditor

June 30, 2015

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Reported in the State's Report on Internal Control:

No matters were noted.

Other Finding Related to Internal Control:

- (1) Inventory – The Institution's year-end inventory count was done by department heads. During the year-end inventory count, 8 of 16 items selected for testing had a variance totaling \$39,569 between the Institution's inventory listing and the Office of Auditor of State's physical count. Inventory records reported on the GAAP package were subsequently adjusted for the variances identified.

Recommendation – The Institution should strengthen controls over the inventory cycle, including inventory purchasing, inventory maintenance, inventory sales and inventory counts.

Response – The large discrepancy in the inventory value can be largely attributed to an error made in recording the quantity of one item in our Storeroom. The item quantity should have been entered as “packs of 100”, but our staff person entered the total number of individual items into the inventory system. Thus, the value of our inventory was greatly overstated. This error was caught and the inventory was correctly reported on our FY15 GAAP package. We are currently transitioning to a different inventory system and plan to decrease our dependence on offenders to maintain our inventory system.

Conclusion – Response accepted.

- (2) Capital Assets – The Institution incorrectly classified two capital asset additions on the GAAP package for the year ended June 30, 2015. These misclassifications overstated governmental assets and understated enterprise assets by a net total of \$3,533.

Recommendation – The Institution should review policies and procedures to ensure all applicable capital assets purchased and maintained are properly classified.

Response – We will review policies and procedures and ensure all future assets for the Recycle Fund get recorded under Enterprise Funds and all assets for the Commissary Fund get recorded under governmental funds. We will make the appropriate adjustments on the FY16 GAAP package.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Findings and Recommendations for the Anamosa State Penitentiary

June 30, 2015

Staff:

Questions or requests for further assistance should be directed to:

Tammy A. Hollingsworth, CIA, Manager
Jesse J. Harthan, Senior Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Ryan M. Barrett, Assistant Auditor
Tyler A. Propst, Assistant Auditor

June 30, 2015

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Reported in the State's Report on Internal Control:

No matters were noted.

Other Findings Related to Internal Control:

No matters were noted.

Finding Related to Statutory Requirements and Other Matters:

Targeted Small Business Procurement Goals – Chapter 73.16 of the Code of Iowa requires the Director of each state agency or department of state government (state agency) having purchasing authority, in cooperation with the Targeted Small Business (TSB) Marketing and Compliance Manager of the Iowa Economic Development Authority (IEDA), to establish a procurement goal for certified targeted small businesses each fiscal year. The procurement goal shall include the procurement of goods and services, including construction, but excluding utility services. The goal shall be stated in terms of a dollar amount and at a level exceeding the procurement levels from certified targeted small businesses during the previous fiscal year.

The TSB procurement goal for the Institution for fiscal year 2015 was not set at a level greater than fiscal year 2014 actual TSB spending.

Recommendation – The Center should establish a goal which exceeds the 2014 actual TSB spending, as required.

Response – Will follow this code section for compliance when submitting procurement goals.

Conclusion – Response accepted.

Staff:

Questions or requests for further assistance should be directed to:

Suzanne R. Dahlstrom, CPA, Manager
April D. Harbst, Senior Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Alex W. Case, Staff Auditor
Melissa A. Hastert, CPA, Staff Auditor
Joe B. Sparks, Staff Auditor

June 30, 2015

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Reported in the State's Report on Internal Control:

No matters were noted.

Other Finding Related to Internal Control:

Capital Assets – Chapter 7A.30 of the Code of Iowa requires each department of the state to maintain a written, detailed and up-to-date inventory of property under its charge, control and management. Approval for all deletions was completed at the end of the fiscal year not at the time the asset was disposed of.

Recommendation – The Facility should develop procedures to ensure a detailed, up-to date capital asset listing is maintained for all assets. Procedures should include, but not be limited to, ensuring all capital asset deletions are approved timely and prior to deletion.

Response – The Business Manager will clarify the policy with Mount Pleasant business office staff and all department heads regarding proper communication on the disposal of property to ensure we are notified at the time of disposal and not at the time of physical inventory.

Conclusion – Response accepted.

Finding Related to Statutory Requirements and Other Matters:

Targeted Small Business Procurement Goals – Chapter 73.16 of the Code of Iowa requires the Director of each state agency or department of state government (state agency) having purchasing authority, in cooperation with the Targeted Small Business (TSB) Marketing and Compliance Manager of the Iowa Economic Development Authority (IEDA), to establish a procurement goal for certified targeted small businesses each fiscal year. The procurement goal shall include the procurement of goods and services, including construction, but excluding utility services. The goal shall be stated in terms of a dollar amount and at a level exceeding the procurement levels from certified targeted small businesses during the previous fiscal year.

The TSB procurement goal for the Institution for fiscal year 2015 was not set at a level greater than fiscal year 2014 actual TSB spending.

Recommendation – The Facility should establish a goal which exceeds the 2014 actual TSB spending, as required.

Response – In accordance with the Code of Iowa, Mount Pleasant will set a goal of a dollar amount and level exceeding the procurement levels from certified small businesses during the previous fiscal year.

Conclusion – Response accepted.

Findings and Recommendations for Mount Pleasant Correctional Facility

June 30, 2015

Staff:

Questions or requests for further assistance should be directed to:

Brian R. Brustkern, CPA, Manager
Joseph B. Sparks, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Eric L. Rath, Senior Auditor
Melissa E. Janssen, CPA, Staff Auditor
Daniel S. Nilsen, Staff Auditor
Sarah J. Swisher, Staff Auditor
Kristen R. Finke, Assistant Auditor
Robert E. Fisher Assistant Auditor
Zachary J. Koziolk, Assistant Auditor

June 30, 2015

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Reported in the State's Report on Internal Control:

No matters were noted.

Other Findings Related to Internal Control:

- (1) Segregation of Duties – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. When duties are properly segregated, the activities of one employee act as a check of those of another. The following were noted:
 - a) Mail is not opened and distributed by someone other than accounting personnel. A list of receipts is not prepared by the mail opener. Responsibilities for receipt collection, deposit preparation and reconciliation functions are not segregated from those of recording and accounting for receipts.
 - b) Surprise cash counts were not performed on the change funds.
 - c) Five individuals have the ability to approve a P-1 at both the Personnel Assistant and Department levels as well as the ability to approve timesheets at both the employee and supervisor level. One P-1 document was initiated and approved by the same employee at the Personnel Assistant and Department level without an explanation.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the Facility should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available personnel. Surprise cash counts of the change funds should be performed by an independent person. Explanations should be included when a P-1 is both initiated and approved by the same individual.

Response – Business office staff will come up with a procedure to get a better handle on the segregation of duties as it relates to the opening and handling of mail and checks. We did start a surprise cash count procedure on March 8, 2016. We are keeping a notebook in the safe, so that spot money counts of the gate money can be conducted. Whomever does the spot count, needs to put the date, amount counted and their initials. If a staff member both initiates and approves a P-1, we will ensure there is explanation noted.

Conclusion – Response accepted.

Findings and Recommendations for the Clarinda Correctional Facility

June 30, 2015

- (2) Capital Assets – Chapter 7A.30 of the Code of Iowa requires each agency of the state to maintain a written, detailed and up-to-date inventory of property under its charge, control and management. The Facility is required to keep an up-to-date and accurate asset listing to track and maintain control over capital assets. The following were noted:
- a) There are no procedures for periodically testing capital assets by an individual having no responsibility for the assets.
 - b) There are no procedures in place to ensure capital asset tags are properly fixed on the asset. For 2 of 5 capital assets tested, there was no capital asset tag affixed to the asset.
 - c) For 1 of 5 assets physically observed for completeness testing, the asset was not included on the capital asset listing.

Recommendation – The Facility should establish written procedures to ensure a detailed, up-to-date capital asset listing is maintained. Procedures should include, but not be limited to, ensuring all capital assets are properly tagged.

Response – We are in the process of coming up with procedures for doing periodic capital asset testing. This will also help with ensuring the capital asset tags are attached and visible.

Conclusion – Response accepted.

Findings Related to Statutory Requirements and Other Matters:

- (1) Timely Deposits – Pursuant to Chapter 12.10 of the Code of Iowa, the Facility must deposit 90% of all fees collected with the Office of Treasurer of State within ten business days following collection. A total of 11 receipts out of 34 tested were not deposited timely.

Recommendation – The Facility should deposit 90% of all fees collected with the Office of Treasurer of State within 10 business days following collection.

Response – We will begin to record receipts the day they are received, not the date of the deposit. Also, we will ensure they will not be held, but will be processed as received.

Conclusion – Response accepted.

- (2) Service Contract – Chapter 118.11 of the Code of Iowa states that “State agencies shall use competitive selection to acquire services from private entities when the estimated annual value of the service contract is equal to or greater than \$5,000 or when the estimated value of the multiyear service contract in the aggregate, including any renewals, is equal to or greater than \$15,000 unless there is adequate justification for a sole source or emergency procurement pursuant to rule 11-118.7(8A) or another provision of law.” The Facility had a service contract with 1st Baptist Church which ended on June 30, 2013. The contract has not been renewed and the Church continued to perform services throughout the fiscal year. These services were valued at \$30,995 for fiscal year 2015.

Recommendation – The Facility should ensure contracts are properly renewed or services are terminated upon expiration of contracts, in accordance with Chapter 118.11 of the Code of Iowa.

Findings and Recommendations for the Clarinda Correctional Facility

June 30, 2015

Response – The Facility rebid the contract for chaplain services for the fiscal year beginning July 1, 2015.

Conclusion – Response accepted.

- (3) Unclaimed Property – Chapter 556.11 of the Code of Iowa requires each Facility to report and remit obligations, including checks, outstanding for more than three years to the Office of Treasurer of State annually. The Facility did not remit these obligations as required.

Recommendation – The outstanding checks should be reviewed annually and items over three years old should be remitted to the Office of Treasurer of State as required.

Response – The Facility will ensure all outstanding checks over three years get submitted to the Great Iowa Treasure Hunt.

Conclusion – Response accepted.

Staff:

Questions or requests for further assistance should be directed to:

Deborah J. Moser, CPA, Manager
Christian E. Cottingham, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Tiffany N. Aliprandi, Staff Auditor
Cole L. Hocker, Staff Auditor
Jonathan M. Mader, Staff Auditor
Carolina M. Chavez, Assistant Auditor
Nate W. Packer, Assistant Auditor

June 30, 2015

Findings Reported in the State’s Single Audit Report:

No matters were noted.

Findings Reported in the State’s Report on Internal Control:

No matters were noted.

Other Findings Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

No matters were noted.

Staff:

Questions or requests for further assistance should be directed to:

Brian R. Brustkern, CPA, Director
Christian E. Cottingham, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Chad C. Lynch, Staff Auditor
Melinda D. Lawrence, Assistant Auditor

June 30, 2015

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Reported in the State's Report on Internal Control:

No matters were noted.

Other Findings Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

Targeted Small Business Procurement Goals – Chapter 73.16 of the Code of Iowa requires the Director of each state agency or department of state government (state agency) having purchasing authority, in cooperation with the Targeted Small Business (TSB) Marketing and Compliance Manager of the Iowa Economic Development Authority (IEDA), to establish a procurement goal for certified targeted small businesses each fiscal year. The procurement goal shall include the procurement of goods and services, including construction, but excluding utility services. The goal shall be stated in terms of a dollar amount and at a level exceeding the procurement levels from certified targeted small businesses during the previous fiscal year.

The TSB procurement goal for the Institution for fiscal year 2015 was not set at a level greater than fiscal year 2014 actual TSB spending.

Recommendation – The Institution should establish a goal which exceeds the 2014 actual TSB spending, as required.

Response – We became aware of this and the goal exceeding the previous year has been implemented.

Conclusion – Response accepted.

Staff:

Questions or requests for further assistance should be directed to:

Pamela J. Bormann, CPA, Manager
Trent M. Mussmann, Senior Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Tyler A. Propst, Assistant Auditor
Tara H. Williams, Assistant Auditor

June 30, 2015

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Reported in the State's Report on Internal Control:

No matters were noted.

Other Findings Related to Internal Control:

No matters were noted.

Findings Related to Statutory Requirements and Other Matters:

Targeted Small Business Procurement Goals – Chapter 73.16 of the Code of Iowa requires the Director of each state agency or department of state government (state agency) having purchasing authority, in cooperation with the Targeted Small Business (TSB) Marketing and Compliance Manager of the Iowa Economic Development Authority (IEDA), to establish a procurement goal for certified targeted small businesses each fiscal year. The procurement goal shall include the procurement of goods and services, including construction, but excluding utility services. The goal shall be stated in terms of a dollar amount and at a level exceeding the procurement levels from certified targeted small businesses during the previous fiscal year.

The TSB procurement goal for the Institution for fiscal year 2015 was not set at a level greater than fiscal year 2014 actual TSB spending.

Recommendation – The Facility should establish a goal which exceeds the 2014 actual TSB spending, as required.

Response – We were unaware of Code of Iowa Chapter 73.16 and shall comply in subsequent fiscal years. Fiscal year 2016 has been corrected.

Conclusion – Response accepted.

Staff:

Questions or requests for further assistance should be directed to:

Donna F. Kruger, CPA, Manager
Ramona E. F. Daly, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Adoja S. Adanledji, Assistant Auditor

June 30, 2015

Findings Reported in the State's Single Audit Report:

No matters were noted.

Findings Reported in the State's Report on Internal Control:

No matters were noted.

Other Findings Related to Internal Control:

No matters were noted.

Finding Related to Statutory Requirements and Other Matters:

Personal Service Contracts – The Facility enters into various personal service contracts throughout the year and these contracts should be in compliance with guidelines set forth in Chapter 106 of the Iowa Administrative Code and Iowa Department of Administrative Services (DAS) Procedure 240.102. One of two renewed contracts did not include the precontract questionnaire.

Recommendation – The Facility should ensure all required questionnaires and clauses are included in the personal service contracts used by the Facility and ensure the personal service contracts are in compliance with Iowa Administrative Code Chapter 106 and DAS Procedure 240.102.

Response – We are aware of the requirements and will comply with future contracts/renewals.

Conclusion – Response accepted.

Staff:

Questions or requests for further assistance should be directed to:

Brian R. Brustkern, CPA, Manager
Ryan P. Swanson, CPA, Staff Auditor
Andrew E. Nielsen, CPA, Deputy Auditor of State

Other individuals who participated in the audits include:

Tyler H. Moran, Staff Auditor
Alison C. Anker, Assistant Auditor